**IN THE HIGH COURT OF JUDICATURE AT BOMBAY**

**O.O.C.J.**

**COMPANY PETITION NO. 100 OF 2007**

In the matter of reduction of the Securities Premium Account and Capital Redemption Reserve Account of Marico Limited.

Marico Limited. ... Petitioner.

....

Mr. Shyam Diwan i/b. Rajesh Shah for the Petitioner.

Mr. C.J. Joy, Regional Director.

....

**CORAM : DR. D.Y.CHANDRACHUD,J.**

**23rd March 2007.**

**P.C. :**

. The sanction of the Court has been sought for utilization of the Securities Premium Account and Capital Redemption Reserve Account as approved in a Special Resolution passed by the Shareholders of Company at an extraordinary general meeting held on 8th February 2007, in terms of the following Minutes :-

"The Securities Premium Account of the Petitioner shall stand reduced by Rs.129,08,53,556 (Rupees one hundred twenty nine crores eight lacs fifty three thousand five hundred fifty six only) and Capital Redemption Reserve Account by Rs.180,00,00,000 (Rupees one hundred and eighty crores only) on account of adjustment of the balance in the Intangible Asset Account."

2. The reasons on the basis of which the action as aforesaid, is proposed by the Company are contained in paragraph 5 of the Petition which are extracted below :-

" (a) The Petitioner Company has been aiming at sustainable profitable growth through both organic and inorganic means. The company's assets, comprising assets such as trademarks and copyrights, business and commercial rights, technical

know-how and other intangibles such as non-compete covenants ('Intangible assets'). The Company has acquired, since January 1, 2006 Intangible Assets relating to 'Manjal', a Herbal Soap brand, 'Nihar', a coconut oil and perfumed coconut oil branch, 'Fiancee', a post wash hair care brand in Egypt and 'Hair Code' a post wash hair care brand in Egypt.

(b) Benefits from these intangible Assets are expected to accrue only over a period. To the extent these assets are carried forward, they are classified under the head 'Intangible Assets'. The balance under the head 'Intangible Assets' as at January 31, 2007 is Rs.448.20 crores.

(c) Accordingly, the Board has proposed a scheme of financial restructuring wherein the above-mentioned Intangible Assets

would be adjusted against Special Reserves comprising Securities Premium Account and the Capital Redemption Reserve Account. The Board of Directors have at their Meeting held on January 12, 2007, approved the application/utilization of the Securities Premium Account to the maximum extent of Rs.148.48 crore and/or the Capital Redemption Reserve Account to the maximum extent of Rs.180.00 crore, for adjustment against these Intangible Assets in accordance with the provisions of Section 78 and Section 80 read with Section 100 of the Companies Act, 1956."

3. An order of dispensation was passed by the Court in respect of the procedure under Section 101(2) of the Companies Act, 1956 on 23rd February 2007. No objection has been received from the creditors. In paragraph 14 of the petition, it has been averred that no financial outlay is involved

on the part of the company nor would there be any dimunition of liability. It has been stated that no secured or unsecured creditors would be affected.

4. In these circumstances, the requisite statutory procedure has been fulfilled. Since no objection has been received, the Petition is made absolute in terms of prayer clause (a) and (b).

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